

AMENDED IN SENATE APRIL 25, 2007

AMENDED IN SENATE MARCH 29, 2007

**SENATE BILL**

**No. 320**

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**Introduced by Senator Alquist**  
**(Coauthor: Senator Maldonado)**

February 16, 2007

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An act to amend Sections 130302 and 130317 of, and to add Part 4 (commencing with Section 1000) to Division 1 of, the Health and Safety Code, relating to health care, *and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

SB 320, as amended, Alquist. California Health Care Information Infrastructure Program.

Under existing law, the State Department of Health Care Services, whose functions will be divided between the State Department of Health Care Services and the State Department of Public Health commencing July 1, 2007, and the California Health and Human Services Agency have various responsibilities relating to the provision of health care.

Existing federal law, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), establishes certain requirements relating to the provision of health insurance.

The Health Insurance Portability and Accountability Implementation Act of 2001 requires the Office of HIPAA Implementation, established within the California Health and Human Services Agency, to perform specified activities required for compliance with this federal act.

Existing law terminates the Office of HIPAA *Implementation* on January 1, 2008.

This bill would extend the repeal date to January 1, ~~2009~~ 2013, and would rename that office the California Office of HIPAA

Implementation or CalOHI. The bill would require CalOHI, in consultation with the State Department of Health Care Services, the State Department of Public Health, the Department of Corrections and Rehabilitation, the Managed Risk Medical Insurance Board, and the Department of Managed Health Care, to establish and operate the California Health Care Information Infrastructure Program, to improve the quality, *safety, and efficiency* of health care in California, and to reduce the cost of health care through the advancement of health information technology. The bill would require, within one year of the establishment of the program, and updated annually thereafter, the office to develop and deliver to the Legislature a plan regarding the opportunity for every resident of the state to have an electronic health-care record, and would specify the required contents of the plan. Implementation of the plan would be contingent upon enactment of subsequent statutory authorization. The bill would set forth the other responsibilities of the office, including, among others, conducting research, implementing pilot projects as necessary, and pursuing ~~a waiver~~ *necessary waivers* to enable the Medi-Cal program to participate in the statewide information technology infrastructure program.

This bill would authorize the office to receive *and expend* various forms of funding, *excluding state General Fund moneys*, to be deposited in the continuously appropriated Health Care Infrastructure Fund, which would be used, ~~upon appropriation by the Legislature, by the office~~ for purposes of the bill ~~and~~. It would establish a \$350,000 maximum on expenditures ~~for this purpose~~ for the 2008 calendar year.

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares as follows:
- 2 (a) Health care cost inflation, coupled with an aging California
- 3 population, is projected to create potentially unsustainable deficits.
- 4 (b) Employers, governments, and individuals face similar
- 5 financial pressures as health care costs continue to increase faster
- 6 than incomes.
- 7 (c) California has a large uninsured population and opportunities
- 8 to improve the efficiency and quality of care for the underserved.
- 9 (d) Health care providers are poorly equipped, for the most part,
- 10 for the growing crisis. Most health care providers lack the

1 information technology and systems necessary to keep pace with  
2 an increasing body of medical knowledge and patient care data.

3 (e) Information technology and systems to help health care  
4 providers deal with issues associated with coordinating care across  
5 medical and social models, as well as with other providers, are  
6 underutilized.

7 (f) Information technology and systems designed to assist with  
8 compliance of health directives with disease prevention and  
9 management guidelines are underutilized.

10 (g) Information technology and systems could assist with  
11 measuring and improving health care performance and patient  
12 outcomes.

13 (h) Well connected information technology and systems could  
14 assist in rapidly detecting and responding to bioterrorism and  
15 pandemics.

16 (i) Use of electronic health records could save as much as \$8  
17 billion annually in California through improvements in health care  
18 delivery efficiency. Health information technology-enabled  
19 improvements in disease prevention and management could more  
20 than double those savings, while lowering age-adjusted mortality  
21 by as much as 18 percent and reducing annual employee sick days.

22 (j) There is a need to create technician training programs in the  
23 community college system to meet the need for a trained health  
24 information technology workforce.

25 SEC. 2. Part 4 (commencing with Section 1000) is added to  
26 Division 1 of the Health and Safety Code, to read:

27  
28 PART 4. CALIFORNIA HEALTH CARE INFORMATION  
29 INFRASTRUCTURE PROGRAM  
30

31 1000. For purposes of this part, the following terms shall apply:

32 (a) “Electronic health record” means a secure, real-time,  
33 point-of-care, patient-specific information resource that assists a  
34 health care provider in making a decision by providing access to  
35 the patient’s health information, including a personal health record,  
36 when needed, and that incorporates evidence-based decision  
37 support.

38 (b) “Personal health record” means an electronic, universally  
39 interoperable, resource of health information based upon an  
40 individual patient’s health history that is available to the patient

1 throughout his or her life and is needed by an individual to make  
2 informed health decisions. The personal health record is stored  
3 and maintained in a secure, private environment and only the  
4 individual patient may determine rights of access to the record.  
5 The personal health record is separate from, and does not replace,  
6 the records of a provider.

7 1001. (a) The California Office of HIPAA Implementation  
8 (CalOHI), established within the California Health and Human  
9 Services Agency as set forth in subdivision (c) of Section 130302,  
10 in consultation with the State Department of Health Care Services,  
11 the State Department of Public Health, the Department of  
12 Corrections and Rehabilitation, statewide health care information  
13 organizations, health care providers and industry, the Managed  
14 Risk Medical Insurance Board, and the Department of Managed  
15 Health Care, shall establish and operate the California Health Care  
16 Information Infrastructure Program, as provided in this part. The  
17 purposes of the program are to provide all Californians with a  
18 personal health record *and an electronic health record*, to improve  
19 the quality, *safety, and efficiency* of health care in California, and  
20 to reduce the cost of health care through the advancement of health  
21 information technology.

22 (b) Within one year of the establishment of the program, and  
23 updated annually thereafter, the CalOHI shall develop and deliver  
24 to the Legislature a strategic plan, which shall include the  
25 establishment of incentives and standards that foster the adoption  
26 and use of electronic health records by health care providers and  
27 consumers in the state, and the integration of personal health  
28 records for all residents of the state in order to improve health care  
29 quality, safety, and efficiency, and to reduce health care costs.  
30 *following elements:*

31 ~~(c) The plan shall establish a process for the state to achieve all~~  
32 ~~of the following:~~

33 (1) ~~The adoption of process by which the state should adopt~~  
34 standards to work in concert with federal health care initiatives  
35 *and promote the use of electronic health records and personal*  
36 *health records, which shall be consistent with applicable federal*  
37 *law.*

38 (2) ~~The use of identification of resources to assist health care~~  
39 *providers in adopting standards or promoting electronic health*

1 records and personal health records, which shall be consistent with  
2 applicable federal law. *records.*

3 (3) The identification of incentives that encourage the adoption  
4 and use of personal health records and electronic health records,  
5 including a study of alternative Medi-Cal reimbursement strategies,  
6 pay-for-performance strategies, and tax incentives.

7 (4) Aligned educational and training programs to produce  
8 sufficient and adequately trained health information technology  
9 technicians, and other workers.

10 (5) An inventory of state health information technology  
11 resources and their potential role in the overall health information  
12 infrastructure.

13 (6) An assessment on how the State Department of Mental  
14 Health, the Managed Risk Medical Insurance Board, and the  
15 Department of Corrections and Rehabilitation might incorporate  
16 a greater reliance on *can benefit from increased adoption of health*  
17 information technology.

18 (7) ~~Identification~~ *Evaluation of voluntary approaches to data*  
19 *interchange and adoption of electronic health records and personal*  
20 *health records, and identification of potential future actions that*  
21 *the state may undertake if a voluntary approach to regional health*  
22 *information organization proves ineffective.*

23 (8) A review of how various *state and federal antikickback and*  
24 *consumer protection laws in California serve as a barrier to*  
25 *achieving greater reliance on health information technology along*  
26 *with recommendations for revisions warranted to foster the*  
27 *development of greater protection laws affect health information*  
28 *technology—usage, deployment and adoption, and of*  
29 *recommendations for related changes in state law.*

30 ~~(d) Before requiring hospitals and health care systems to make~~  
31 ~~changes necessary to comply with the requirements of an electronic~~  
32 ~~health record system, the plan shall ensure that resources are~~  
33 ~~available for health care providers to comply with the requirement.~~

34 ~~(e)~~

35 (c) The implementation of any plan pursuant to this section shall  
36 be contingent upon the enactment of subsequent statutory  
37 authorization.

38 1002. Responsibilities of CalOHI in regard to the California  
39 Health Care Information Infrastructure Program shall include, but  
40 shall not be limited to, all of the following:

1 (a) Providing leadership in the ~~redesign of health care delivery~~  
2 ~~systems, using~~ *deployment of health* information technology to  
3 help ensure that every state resident receives care that is safe,  
4 effective, patient-centered, timely, efficient, and equitable.

5 (b) Serving as a forum for the exchange of ideas and consensus  
6 building regarding the advancement of health information  
7 infrastructure and health care applications.

8 (c) Conducting research to identify innovative health care  
9 applications, using information technology and systems to improve  
10 patient care and reduce the cost of care, including applications to  
11 support disease management, evidence-based care, and personal  
12 health management.

13 (d) Upon enactment of subsequent statutory authorization,  
14 implementing pilot projects to determine the impact of various  
15 health care applications using information technology and systems  
16 on the quality of patient care and the cost of health care.

17 (e) Facilitating the adoption of health information technology  
18 and systems.

19 (f) Facilitating the integration of the health information  
20 infrastructure with other information infrastructure development,  
21 to work in concert with other initiatives and privacy standards.

22 (g) Recommending policies and standards to ensure that the  
23 security and confidentiality of health information are consistent  
24 with applicable federal law.

25 (h) Pursuing ~~a waiver~~ *any necessary waivers* through the State  
26 Department of Health Care Services to enable the Medi-Cal  
27 program to pay its share of investments in statewide information  
28 technology infrastructure, provide financial incentives to providers  
29 who use health information technology, and add telemedicine as  
30 a covered service.

31 (i) Identifying strategies to accelerate adoption and use of  
32 standards-based electronic health records and value-based pay for  
33 performance.

34 (j) Facilitating the coordination of appropriate state agencies  
35 and departments with regional health information exchange  
36 network and monitoring systems to assess adoption patterns and  
37 needs.

38 ~~Decreasing~~ *Identifying ways to decrease* the risks of health  
39 information technology adoption and networking.

1 (l) Coordinating with private sector initiatives that are consistent  
2 with the purposes of the authority.

3 (m) Consulting with consumer privacy organizations to ensure  
4 that consumers' private information is protected.

5 (n) Assessing the availability of trained health information  
6 technicians and, if necessary, supporting the expansion of  
7 appropriate training opportunities in educational systems.

8 1003. (a) CalOHI may receive *and expend* federal funds, gifts,  
9 grants, revolving funds, and any other public or private funds  
10 ~~which, upon appropriation by the Legislature, may be used for the,~~  
11 *but not including state General Fund moneys, for the purposes of*  
12 *implementing this part.*

13 (b) *Any moneys obtained pursuant to subdivision (a) shall be*  
14 *deposited into the Health Care Information Infrastructure Fund,*  
15 *which is hereby created in the State Treasury.*

16 (c) *Notwithstanding Section 13340 of the Government Code,*  
17 *the Health Care Infrastructure Fund is hereby continuously*  
18 *appropriated to CalOHI for the purposes of implementing this*  
19 *part.*

20 SEC. 3. Section 130302 of the Health and Safety Code is  
21 amended to read:

22 130302. For the purposes of this division, the following  
23 definitions apply:

24 (a) "Director" means the Director of the Office of HIPAA  
25 Implementation.

26 (b) "HIPAA" means the federal Health Insurance Portability  
27 and Accountability Act.

28 (c) "Office" or "CalOHI" means the California Office of HIPAA  
29 Implementation established by the office of the Governor in the  
30 Health and Human Services Agency.

31 (d) "State entities" means all state departments, boards,  
32 commissions, programs, and other organizational units of the  
33 executive branch of state government.

34 SEC. 4. Section 130317 of the Health and Safety Code is  
35 amended to read:

36 130317. This division shall remain in effect only until January  
37 1, ~~2009~~ 2013, and as of that date is repealed, unless a later enacted  
38 statute, that is enacted before January 1, ~~2009~~ 2013, deletes or  
39 extends that date.

1 SEC. 5. The expenditures for implementation of Part 4  
2 (commencing with Section 1000) of Division 1 of the Health and  
3 Safety Code, as contained in Section 2 of this act, from January  
4 1, 2008, to December 31, 2008, inclusive, shall not exceed three  
5 hundred fifty thousand dollars (\$350,000).

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